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November 19, 2004

VIA FACSIMILE

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, DC 20551
202/452-3819

Re: Docket No. R-1210

Dear Ms. Johnson:

The Wisconsin Bankers Association (WBA) is the largest financial institution trade association in Wisconsin representing over 300 state and nationally chartered banks, savings and loans associations, and savings banks located in communities throughout the State. The WBA appreciates the opportunity to comment on the proposed rule issued by the Board of Governors of the Federal Reserve System (FRB) concerning the amendments to Regulation E.

The proposed rule would expand the application of Regulation E, as well as the Electronic Fund Transfer Act (EFTA), to cover the practice of electronic check conversion by merchants and other payees in addition to making substantive changes in how merchants and other payees employing electronic check conversion technologies provide notice to consumers. The proposed rule would also subject payroll card accounts to Regulation E and make changes to the official commentary to address issues concerning preauthorized electronic funds transfers, electronic check conversions, issuance of access devices, error resolution, and ATM disclosures.

4721 SOUTH BIRMINGHAM
MADISON, WI 53718

P.O. Box 8880
MADISON, WI 53708-0880

608-441-1200
FAX 608-661-9381

www.wisbank.com

The WBA welcomes the efforts by the FRB to strengthen the EFTA's purpose to enable consumers to understand their rights, liabilities, and responsibilities in electronic funds transfers (EFT) systems while at the same time exploring ways to provide merchants and other payees added flexibility in testing various payment mechanisms to determine what forms of electronic payment will be most cost effective. Therefore, the WBA generally supports the proposed rule. However, the WBA opposes the inclusion of "payroll card account" to the definition of "account, " and instead, encourages the FRB to create a separate section under § 205.15 within Regulation E to cover "payroll card accounts." In other words, the WBA strongly encourages the FRB to treat a "payroll card account" the same way it treats electronic transfers of government benefits (EBTs).

There are practical considerations supporting a separate section in Regulation E for a "payroll card account" and affording it treatment similar to EBTs. An account under § 205.15 requires that consumers receive the disclosures necessary to make an informed decision and the information needed to track their finances without imposing a requirement on the financial institution to provide a periodic statement. The nature of the consumers most likely to use a "payroll card account" would likely prefer obtaining balance and other account information through means other than a periodic statement. Therefore, the WBA believes creating this separate section for a "payroll card account" under § 205.15 would strike an optimal balance for the FRB, financial institutions, and consumers. The FRB will be at ease knowing that consumers are receiving all the required disclosures and information prescribed by law. Financial institutions would be encouraged to promote this service and discourage the unnecessary costs associated with processing and sending periodic statements to individuals who do not wish to have a formal relationship with a financial institution or are not able at that particular moment in time to establish such a relationship. And, consumers would reap the benefits associated with services targeted at the "unbanked," a group financial regulatory agencies have been trying to reach for years.

In addition, the WBA generally supports the provision in the proposed rule which excludes from Regulation E's coverage gift cards and other cards used for one-time

transfers of salary-related payments or disbursements of non-salary-related payments. Proposed Comment 2 to § 205.2 provides that the definition of a "payroll card account" does not include a card used for a one-time PFT of a salary-related payment, such as a bonus, or a card used solely to disburse non-salary-related payments, such as petty cash or a travel per diem card." However, there will be circumstances where the value or amount of this one-time transfer will be stored for a certain period of time allowing for numerous transactions from the card before its value has been completely expended. Therefore, the WBA urges the FRB to clarify that (1) neither Regulation E nor the EFTA apply to a situation where a one-time transfer is carried out and the card is subsequently used during a period of time (i.e., a week, two weeks, etc.) in which numerous transfers from the card take place before the full value of the card has been expended; (2) and that such a situation would be controlled by State law.

In conclusion, the WBA urges the FRB to carefully consider these comments on this very important issue. Once more, the WBA appreciates the opportunity to submit comments on the proposed rules to Regulation E, implementing the Electronic Fund Transfer Act.

Sincerely,



Kristine Clevon
Director - Legal